

Message Text

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ACTION EB-05

INFO OCT-01 ARA-10 ISO-00 RSR-01 RSC-01 /018 W

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P 041810Z SEP 73

FM AMCONSUL SAO PAULO

TO USDOC WASHDC PRIORITY

SECSTATE WASHDC PRIORITY 4541

UNCLAS SAO PAULO 2003

E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: TRADE CENTER - RENTAL RATES

REF USDOC 11811 AND 12067

1. CONGEN INVESTIGATION RESULTED IN FOLLOWING CURRENT RENTAL RATES:

A. AVENIDA PAULISTA - GROUND FLOOR AND MEZZANINE SPACE FROM CR\$80 (ABOUT US\$13) PER SQUARE METER PER MONTH TO CR\$100 (US\$16). UPPER FLOOR SPACE FROM CR\$30 (US\$5) PER SQUARE METER PER MONTH TO CR\$40 (US\$6.60). MORE LUXURIOUS UPPER FLOOR OFFICE SPACE, WITH WALL-TO-WALL CARPETING AND CENTRAL AIRCONDITIONING GOING FOR CR\$60 (US\$10) PER MONTH. GARGE SPACE AT CR\$400 TO CR\$450 (US\$66.60 TO US\$75) PER MONTH.

B. OFF PAULISTA - WITH THE EXCEPTION OF ALAMEDA SANTOS, WHERE RATES IDENTICAL WITH THOSE ON PAULISTA, RATES ON STREETS UP TO 8-10 BLOCKS DISTANCE FROM PAULISTA RANGE FROM 5 PERCENT TO 10 PERCENT BELOW PAULISTA RATES.

C. FARIA LIMA - RATES SAME AS THOSE FOR PAULISTA.

D. PRACA REPUBLIC/HOTEL HILTON AREA - SINCE THERE ARE NO AVAILABLE EXISTING BUILDINGS OR BUILDINGS UNDER CONSTRUCTION THAT COULD MEET TRADE CENTER GROUND FLOOR SPACE REQUIREMENTS, CONGEN DID NOT SEEK RENTAL RATES IN THIS AREA.

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3. INFLATION FACTOR. BUILDERS TOLD US THAT A 30 PERCENT IN-

CREASE IN RENTALS COULD BE EXPECTED WITHIN SIX MONTHS ALONG PAULISTA, OFF-PAULISTA AND IN FARIA LIMA AREA, AND THAT A FURTHER RISE IN RATES COULD BE EXPECTED THEREAFTER.

3. WEIGHT-BEARING REQUIREMENTS. NO BUILDINGS EXIST OR ARE UNDER CONSTRUCTION IN THE THREE DESIRED AREAS WITH THE GROUND FLOOR WEIGHT-BEARING CAPACITY INDICATED BY COMMERCE IN USDOC 12067, THE PREVAILING NORM FOR GROUND FLOOR SPACE BEING 350 TO 400 KILOGRAMS PER METER (770 TO 880 LBS.) COMPARED TO TRADE CENTER MINIMUM REQUIREMENT OF 100 LBS. PER SQUARE FOOT OR 1,080 LBS. PER SQUARE METER. BUILDERS TOLD US, HOWEVER, THERE WOULD BE NO DIFFICULTY RAISING WHEIGHT-BEARING CAPACITY TO 500 KILOGRAMS (1,100 LBS.) PER SQUARE METER PROVIDED THE BUILDER APPRAISED OF THIS NEED BEFORE HE SUBMITS HIS PLANS TO CITY AUTHORITIES FOR APPROVAL. ONCE PLANS HAVE BEEN APPROVED, IT MUCH MORE DIFFICULT TO INTRODUCE MODIFICATIONS.

4. SCARCITY OF BUILDINGS WITH REQUIRED GROUND FLOOR SPACE. THERE ARE NO BUILDINGS UNDER CONSTRUCTION IN THE DESIRED AREAS WITH 15,000 SQUARE FEET OF GROUND FLOOR SPACE. ALONG PAULISTA THERE ARE ONLY TWO OR THREE BUILDINGS UNDER CONSTRUCTION WITH 1,000 OR MORE SQUARE METERS (10,800 SQ. FT.) OF GROUND FLOOR SPACE, AND IN THE FARIA LIMA AREA, ONLY ONE.

5. PROJECTS ON THE MARGINAL. COMMERCE MAY WISH TO CONSIDER THE MARGINAL AREA, ON THE PERIPHERY OF SAO PAULO, AS A POSSIBLE TRADE CENTER SITE. THIS AREA IS BE COMING MORE AND MORE POPULAR AS OFFICE HEADQUARTERS FOR LARGE BRAZILIAN AND MULTI-NATIONAL FIRMS. IT IS ONLY 20 MINUTES BY CAR FROM DOWNTOWN SAO PAULO AND A FEW MINUTES FROM CONGONHAS AIRPORT. TWO LARGE PROJECTS, ONE A WORLD TRADE CENTER MODELED ON THE NEW YORK TRADE CENTER, AND THE OTHER A HUGE SHOPPING CENTER-CUM-OFFICE BUILDING COMPLEX, ARE IN THE ADVANCED PLANNING STAGE. WE PLAN TO DISCUSS THESE ALTERNATIVES WITH COMMERCE EXECUTIVES CHAMBERLAIN, DOBBIN, AND KRAUSS DURING THEIR SEPTEMBER VISITS TO SAO PAULO.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SAOPA02003
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SAO PAULO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730956/aaaabpbd.tel
Line Count: 98
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: USDOC 11811 AND 12067
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 04 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Oct-2001 by maustmc>; APPROVED <26 FEB 2002 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRADE CENTER - RENTAL RATES
TAGS: BEXP, BR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005